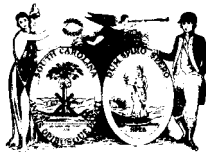


State of South Carolina



Office of the State Auditor

1401 MAIN STREET, SUITE 1200
COLUMBIA, S.C. 29201

THOMAS L. WAGNER, JR., CPA
STATE AUDITOR

(803) 253-4160
FAX (803) 343-0723

September 28, 2001

Ms. Laura Ann Winn, Administrator
Ellen Sagar Nursing Home
1817 Jonesville Highway
Union, South Carolina 29379

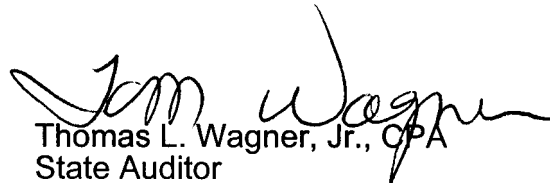
Re: AC# 3-ELS-J6 – Union Hospital District d/b/a Ellen Sagar Nursing Home

Dear Ms. Winn:

The accompanying report has been prepared by our office based on your Medicaid Financial and Statistical Report submitted to the Department of Health and Human Services for the cost report period October 1, 1995 through September 30, 1996. That report was used to set the rate covering the contract periods beginning October 1, 1997.

We are recommending that the Department of Health and Human Services certify an accounts payable for amounts underpaid as a result of the rate change shown at Exhibit A. You will be notified of payment by that Agency.

If you take exception to this report in any manner, you have the right to appeal in accordance with the Code of Laws of South Carolina, 1976 as amended, Title 44, and Department of Health and Human Services Regulation R.126-150, and you must respond in writing within thirty (30) calendar days of the date of this letter. This written response must address the specific items in the report being appealed, and must be directed to the Appeals and Hearings, Department of Health and Human Services, Post Office Box 8206, Columbia, South Carolina 29202-8206. Any correspondence should include the control number appearing on Exhibit A of this report.


Thomas L. Wagner, Jr., CPA
State Auditor

TLWjr/sag

cc: Ms. Brenda L. Hyleman
Mr. Jeff Saxon
Mr. Joseph Hayes

**UNION HOSPITAL DISTRICT D/B/A
ELLEN SAGAR NURSING HOME**

UNION, SOUTH CAROLINA

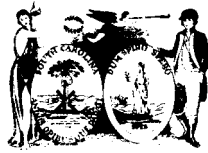
**CONTRACT PERIODS
BEGINNING OCTOBER 1, 1997
AC# 3-ELS-J6**

**REPORT ON CONTRACT
FOR
PURCHASE OF NURSING CARE SERVICES
WITH
STATE OF SOUTH CAROLINA
DEPARTMENT OF HEALTH AND HUMAN SERVICES**

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

August 2, 2000

Department of Health and Human Services
State of South Carolina
Columbia, South Carolina

We have performed the procedures described below, which were agreed to by the South Carolina Department of Health and Human Services, solely to compute the rate change and related adjusted reimbursement rate to be used by the Department in determining the reimbursement settlement with Union Hospital District d/b/a Ellen Sagar Nursing Home, for the contract periods beginning October 1, 1997, and for the twelve month cost report period ended September 30, 1996, as set forth in the accompanying schedules. This engagement to apply agreed-upon procedures was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the Department of Health and Human Services. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

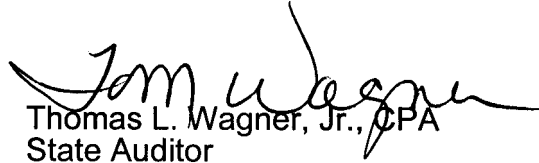
The procedures and the associated findings are as follows:

1. We tested selected costs or areas based on our analytical procedures applied to the reimbursable Medicaid program costs as shown on the Financial and Statistical Report for Nursing Homes, as filed by Union Hospital District d/b/a Ellen Sagar Nursing Home, to determine if these costs were allowable as defined by the State Plan for Medicaid reimbursement purposes and supported by accounting and statistical records maintained by the provider. Our findings as a result of these procedures are presented in the Adjustment Report and Summary of Costs and Total Patient Days sections of this report.
2. We recomputed the Computation of Reimbursement Rate using the adjusted costs and calculated the rate change in accordance with the provisions of the contract between the Department of Health and Human Services and Union Hospital District d/b/a Ellen Sagar Nursing Home dated as of October 1, 1994 as amended. Our findings as a result of these procedures are presented in the Computation of Rate Change and Computation of Adjusted Reimbursement Rate sections of this report.

Department of Health and Human Services
State of South Carolina
August 2, 2000

We were not engaged to, and did not, perform an audit, the objective of which would be the expression of an opinion on the specified elements, accounts, or items. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the South Carolina Department of Health and Human Services and is not intended to be and should not be used by anyone other than the specified party.



Thomas L. Wagner, Jr., CPA
State Auditor

UNION HOSPITAL DISTRICT D/B/A ELLEN SAGAR NURSING HOME

Computation of Rate Change
For the Contract Periods
Beginning October 1, 1997
AC# 3-ELS-J6

10/01/97-
09/30/98

Adjusted reimbursement rate	\$83.41
Interim reimbursement rate (1)	<u>81.75</u>
Increase in reimbursement rate	\$ <u><u>1.66</u></u>

- (1) Interim reimbursement rate from the South Carolina Medicaid Management Information System (MMIS) Provider Rate Listing dated December 3, 1999

UNION HOSPITAL DISTRICT D/B/A ELLEN SAGAR NURSING HOME
 Computation of Adjusted Reimbursement Rate
 For the Contract Periods October 1, 1997 Through September 30, 1998
 AC# 3-ELS-J6

	<u>Incentives</u>	<u>Allowable Cost</u>	<u>Cost Standard</u>	<u>Computed Rate</u>
<u>Costs Subject to Standards:</u>				
General Services		\$36.58	\$44.95	
Dietary		7.87	9.74	
Laundry/Housekeeping/Maint.		<u>10.02</u>	<u>7.72</u>	
Subtotal	<u>\$4.37</u>	54.47	62.41	\$54.47
Administration & Med. Records	<u>\$ -</u>	<u>9.81</u>	<u>9.45</u>	<u>9.45</u>
Subtotal		64.28	<u>\$71.86</u>	63.92
<u>Costs Not Subject to Standards:</u>				
Utilities		2.02		2.02
Special Services		.33		.33
Medical Supplies & Oxygen		4.89		4.89
Taxes and Insurance		.32		.32
Legal Fees		<u>.02</u>		<u>.02</u>
TOTAL		<u>\$71.86</u>		71.50
Inflation Factor (4.40%)				3.15
Cost of Capital				6.51
Cost of Capital Limitation				-
Profit Incentive (Max. 3.5% of Allowable Cost)				-
Cost Incentive				4.37
Effect of \$1.75 Cap on Cost/Profit Incentives				(2.62)
Minimum Wage Add-On				<u>.50</u>
ADJUSTED REIMBURSEMENT RATE				<u>\$83.41</u>

UNION HOSPITAL DISTRICT D/B/A ELLEN SAGAR NURSING HOME

Summary of Costs and Total Patient Days
For the Cost Report Period Ended September 30, 1996
AC# 3-ELS-J6

<u>Expenses</u>	Totals (From Schedule SC 13) as <u>Adjusted by DH&HS</u>	<u>Debit</u>	Adjustments <u>Credit</u>	<u>Adjusted Totals</u>
General Services	\$1,272,663	\$ -	\$ 6,668 (1) 429 (1)	\$1,265,566
Dietary	273,352	-	919 (1)	272,433
Laundry	58,794	62,688 (2)	-	121,482
Housekeeping	183,504	-	-	183,504
Maintenance	41,569	-	-	41,569
Administration & Medical Records	340,362	-	856 (1)	339,506
Utilities	69,962	-	-	69,962
Special Services	11,288	-	-	11,288
Medical Supplies & Oxygen	169,102	-	23 (1)	169,079
Taxes and Insurance	11,007	-	-	11,007
Legal Fees	655	-	-	655
Cost of Capital	<u>225,239</u>	<u>-</u>	<u>-</u>	<u>225,239</u>
Subtotal	2,657,497	62,688	8,895	2,711,290
Ancillary	14,012	-	-	14,012
Non-Allowable	<u>49,959</u>	<u>8,895</u> (1)	<u>62,688</u> (2)	<u>(3,834)</u>
Total Operating Expenses	<u>\$2,721,468</u>	<u>\$ 71,583</u>	<u>\$ 71,583</u>	<u>\$2,721,468</u>
Total Patient Days	<u>34,599</u>	<u>-</u>	<u>-</u>	<u>34,599</u>

Total Beds 95

UNION HOSPITAL DISTRICT D/B/A ELLEN SAGAR NURSING HOME

Adjustment Report
Cost Report Period Ended September 30, 1996
AC# 3-ELS-J6

ADJUSTMENT NUMBER	ACCOUNT TITLE	DEBIT	CREDIT
1	Nonallowable	\$ 8,895	
	Nursing		\$ 6,668
	Restorative		429
	Dietary		919
	Administration		856
	Medical Supplies		23
	To adjust workers' compensation allocation HIM-15-1, Section 2304		
2	Laundry	62,688	
	Nonallowable		62,688
	To adjust laundry costs to the Wallace Thompson Hospital Medicare cost report HIM-15-1, Section 2150		
		<hr/>	<hr/>
	TOTAL ADJUSTMENTS	\$ <u>71,583</u>	\$ <u>71,583</u>

Due to the nature of compliance reporting, adjustment descriptions and references contained in the preceding Adjustment Report are provided for general guidance only and are not intended to be all-inclusive.

2 copies of this document were published at an estimated printing cost of \$1.26 each, and a total printing cost of \$2.52. The FY 2001-02 Appropriation Act requires that this information on printing costs be added to the document.